



State of Washington  
**PUBLIC DISCLOSURE COMMISSION**

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9:00 a.m.  
September 25, 2003

MINUTES – SPECIAL MEETING

Evergreen Plaza Bldg. Room 206  
711 Capitol Way South  
Olympia, Washington

COMMISSION MEMBERS PRESENT

Susan Brady, Chair  
Lois Clement, Vice Chair  
Earl Tilly, Secretary  
Francis Martin, Member  
Michael Connelly, Member

STAFF PRESENT

Vicki Rippie, Executive Director  
Susan Harris, Assistant Director  
Michael Smith, Chief Technology Officer  
Nancy Krier, Sr. Asst. Attorney General  
Linda Dalton, Sr. Asst. Attorney General  
Ruthann Bryant, Secretary

The special meeting of the Public Disclosure Commission was called to order by Commission Chair Susan Brady at 9:00 a.m. in the Evergreen Plaza Building, Room 206, Olympia, Washington.

Commissioner Comments

Commissioners Brady and Clement expressed their appreciation to staff for their hard work which resulted in Washington State receiving the highest ranking in the nation for its campaign finance disclosure program according to an assessment by the California Voter Foundation, the Center for Governmental Studies and the UCLA Law School.

Commissioner Brady also congratulated Nancy Krier in her advancement to Senior Counsel.

Rule Making

WAC 390-17-060 Exempt activities

-- Definitions, reporting

Vicki Rippie reviewed the history of WAC 390-17-060, Exempt Activities, in order to assist the commission in determining whether circumstances warrant altering the presumption that caucus campaign committees are ineligible to receive donations that are exempt from contribution limits. She noted that this review was prompted by recent audits of the four caucus campaign committees and the PACs with which they are associated.

The presentation focused on the following:

- The state Supreme Court decision in the Senate Republican Campaign Committee v PDC,
- The inter-relationship between the caucus committees and what staff has called "caucus-tied PACs," and
- Concerns about transparency and the ability of the public to follow-the-money.

Doug Ellis summarized a stakeholder meeting held on September 18, 2003 to discuss possible amendments as it relates to Caucus Political Committees and exempt fund accounts.

He reported that seven people attended the meeting and although there was no consensus on a possible amendment to the rule, it was clear that the representatives at the meeting felt a need for further guidance in the area of reporting contribution and expenditure activity of the caucus political committees and the caucus related PACs.

Kurt Fritts, speaking as a staff member of the Senate Democratic Caucus Committee, expressed the need for transparency and uniformity in the reporting process.

Commissioner Connelly noted that when the WAC 390-17-060 was first adopted, the Commission determined that all of the activities undertaken by caucus committees benefited individual

candidates or were for the purpose of supporting them. Since this is the basis for the rule, until the Commission is presented with factual evidence discrediting that assumption, there is no basis for changing something that has been accepted by both the legislature and the courts for the last ten years.

Commissioner Connelly also observed that the Senate Republican Campaign Committee Supreme Court decision did not address whether caucus committees, which by their very structure are run by candidates for candidates, are excluded from receiving contributions that are exempt from limits. As such, he was of the opinion that the courts have not provided direction on this issue to date.

Discussion of possible rule making

Susan Harris addressed the need for more comprehensive reporting by the caucus committees and their associated committees.

Staff recommends the following:

Require new C-1pc's – staff believes that by having each caucus committee and each associated committee amend its C-1pc, Political Committee Registration Form, to include the name of its associated political committee(s) some additional transparency for the public in viewing reports would result.

Educate filers about WAC 390-16-205 – this rule requires that expenditures made by a third party, usually consultants, on behalf of a candidate or political committee, be reported as if made by the candidate or committee directly. The audits revealed that often only the consultant's name and amount paid is reported.

Develop an Appropriate Formula for Payment of Shared Staff and/or Consultant Costs – the audits revealed that there is insufficient documentation kept by the committees to indicate the actual amount of time the individuals worked for each

committee. Staff suggested it may be appropriate to implement a formula for reporting shared costs that would result in substantial compliance and reduced recordkeeping for the committees.

The Commission expressed interest in seeing how the formula concept might work and requested that staff refine the reporting mechanisms for establishing transparency and uniformity and present the concept at a future meeting.

Commissioners expressed no interest in pursuing a change in WAC 390-17-060 at this time; however, if compelling factual information arises, they would reexamine the issue.

#### Executive Session

The Commission went into executive session at 11:40 p.m. to discuss pending and potential litigation with legal counsel.

#### Public Session

The Commission returned to public session at 12:10 p.m. and recessed for lunch.

The Commission reconvened at 1:15 p.m.

#### Personal Financial Affairs Reporting

##### New Modification Requests

*Richard Hartman, candidate for  
School Director, Montesano SD*

Mr. Stutzman reported that Mr. Hartman requests an exemption from reporting the business and governmental customers of Five Star Motors, Inc. DBA Five Star Toyota, Chevrolet, Buick, Pontiac & Mitsubishi; Five Star Ford Lincoln Mercury, Inc.; and One Star Motors, Inc. of which he is president. He noted that this request was heard at the September 3, 2003 meeting and was continued to allow legal counsel the opportunity to explore privacy laws.

Mr. Hartman provided a letter and stated that he has complied with Interpretation 02-05 for Motor Vehicle Dealers.

#### **Motion 04-034**

Moved by Commissioner Tilly, seconded by Commissioner Clement:

**The Commission grants the reporting modification to Richard Hartman as requested.**

**The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.**

Voting For: Commissioners Brady, Tilly, Clement and Martin.

Not Voting: Commissioner Connelly.

The motion passed.

#### Ethics Training Review

Senior Assistant Attorney General Nancy Krier briefed the commissioners on the State Ethics Law and the statutory constraints imposed on them during their tenure as members of the Commission.

#### Adjournment

Commissioner Brady adjourned the meeting at 2:50 p.m. The next meeting is scheduled for Tuesday, October 28, 2003.

Approved by the Commission 10/28/03